

STAT. UTAH
DIVISION OF OIL, GAS AND MINING

| | | | | |
|--|--|--|---|--|
| APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK Type of Work DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> Type of Well Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone <input type="checkbox"/> Name of Operator Medallion Exploration Address of Operator 2091 East 4800 South #22 Salt Lake City UT 84117 Location of Well (Report location clearly and in accordance with any State requirements *) At surface 725' FSL & 737' FWL At proposed prod zone Distance in miles and direction from nearest town or post office* APPROX. 10 MILES NORTHWEST OF DUCHESNE Distance from proposed* location to nearest property or lease line ft (Also to nearest drier line if any) 640 Distance from proposed location* to nearest well drilling, completed, or spudded for on this lease ft 10000' Elevation (Show whether DT, RT, GR, etc.) 5,776' GR. | | | 3 Lease Designation and Serial No 14-20-462-1137 6 If Indian, Allocated or Tribe Name UTE 7 Unit Agreement Name UNIT 8 Farm or Lease Name 9 Well No 2-24C6 10 Field and Pool or Wildcat ALTAMONT 11 40, Sec. 1, 2, 3, 4, 5, or 6th and Survey or Area Sec 24, T3S, R6W, USB & M 12 County or Parish DUCHESNE 13 State UTAH 14 No. of acres in lease 640 15 No. of acres assigned to this well 320 16 Proposed depth 10000' 17 Rotary or cable tools ROTARY 18 Approx. date work will start* | |
|--|--|--|---|--|

| PROPOSED CASING AND CEMENTING PROGRAM | | | | |
|---------------------------------------|----------------|-----------------|---------------|--------------------|
| Size of Hole | Size of Casing | Weight per Foot | Setting Depth | Quantity of Cement |
| 12 1/4 | 9 5/8" | 36# | 3,500 | To Surface |
| 8 3/4 | 7" | 29 & 36 | 7,500 | 1500 SX |
| 6 1/8 | 5" | 18 | 7,400 | 700 SX |

ATTACHMENTS.

- 1) 13 Point Surface Use Plan With Exhibits
- 2) 10 Point Compliance Program with Exhibit

RECEIVED

MAR 08 1993

DIVISION OF
OIL, GAS & MINING

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM. If proposal is to deepen or plug back give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally give pertinent data on subsurface locations and measured and true vertical depths. Give blowout prevention program if any.

I hereby certify that this report is true and complete to the best of my knowledge.

Signed [Signature] Title Operations Date 3/2/92

(This space for Federal or State office use)

APL NO 13 213 31341 Approval Date _____

Approved by _____ Title _____

Conditions of approval if any _____

APPROVED BY THE STATE
OF UTAH DIVISION OF
OIL, GAS, AND MINING

DATE 6-10-93
JAY Matthews
139-42

*See Instructions On Reverse Side

T3S, R6W, U.S.B.&M.

S89°50'W - 80 40 (G.L.O.)

R
6
W

R
5
W

N0°01'W - (G.L.O.)

N0°01'W - G.L.O. (Basis of Bearings)
26°40'33" - (Measured)

NORTH - (G.L.O.)

Marked
Set Stone

24

BARCLAY #2-24C6

Elev. Ungraded Ground - 5776'

737'

725'

X" in Rock Face
Marked 1/4 Sec 24

Set Stone By N-S Fence S89°55'21"E - 2635.28' (meas)

WEST - 40 25 (G.L.O.)

LEGEND

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD

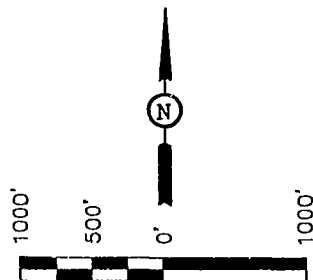
▲ - SECTION CORNERS LOCATED

MEDALLION EXPLORATION

Well location, BARCLAY #2-24C6, located as shown in the SW 1/4 SW 1/4 of Section 24, T3S, R6W, U.S.B.&M. Duchesne County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT A ROAD INTERSECTION LOCATED IN THE NW 1/4 OF SECTION 25, T3S, R6W, U.S.B.&M. TAKEN FROM THE RABBIT GULCH QUADRANGLE, UTAH, DUCHESNE COUNTY, 7 5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5744 FEET.



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF

Robert L. Kay
REGISTERED LAND SURVEYOR
REGISTRATION NO 5709
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078

(801) 789-1017

| | | |
|-----------------------|-------------------------------|-----------------------|
| SCALE 1" = 1000' | DATE SURVEYED 8-19-92 | DATE DRAWN 8-25-92 |
| PARTY JTK BB R.E.H | REFERENCES GLO PLAT | |
| WEATHER HOT | FILE MEDALLION EXPLORATION | |

13 POINT SURFACE USE PLAN
FOR WELL LOCATION 2-24C6
SWSW SEC. 24, T3S, R6W, U.S.B. & M.
DUCHESNE COUNTY, UTAH

- 1) EXISTING ROADS:** (See Topographic Map "A")
To reach Medallion Exploration well location, #2-24C6 situated in the SWSW Section 24, Township 3 South, Range 6 West, U.S.B. & M, Duchesne County, Utah:

Proceed West out of Duchesne, Utah on U.S. Highway 40, 7.2 miles to the point that an existing oil field service road exists to the Northcast; proceed Northeasterly on this road 0.5 miles to the point that an existing dirt road exists to the North; proceed Northerly on this road approximately one mile to the point that the planned access road (to be discussed in item #2) leaves the existing road and proceeds in a Westerly direction.

The highway mentioned earlier is a bituminous surfaced road to the begining of the oil field service road at whichpoint all roads are built of native materials acquired during construction. There is no anticipated construction on any of the above described roads. they will meet the necessary standards required to facilitate an orderly flow of traffic during the drilling, completion, and production phases of this well.

The roads that are required for access during the drilling phase, completion, and production phase of this well will be maintained at the standards required by the B.I.A. or other controlling agencies. This maintainance may require some minor grader work for smoothing of the road bed and for snow removal.

- 2) PLANNED ACCESS ROAD:** (See Topo Map "B")
The proposed access road leaves the existing road described in item #1 in the SWSW Section 24, Township 3 South, Range 6 West U.S.B. & M. and proceeds in a Westerly direction 0.3 miles to the proposed location site.
There will be no culverts installed in this road, as it crosses no drainages of any cosequence.
In order to facilitate the anticipated traffic flow necessary to drill and produce this well, the following standards will be met:
The proposed access road will have a right-of-way of 30' (15' perpendicular on each side of the centerline). The proposed access road will be an 18' crown road (9' either side of the centerline) with drain ditches along either side of the proposed road where it is determined necessary in order to handle any run-off from normal meterological conditions that are prevelent to the area Back slopes along the cut areas of the road will be 1 1/2 to 1 slopes and terraced.

2) PLANNED ACCESS ROAD - continued.....

The road will be centerline flagged prior to commencement of construction.

The maximum grade along this road will vary but will not exceed 8%.

If deemed necessary by the local government agencies or their representatives, turnouts will be installed for safety purposes every .25 miles or on the top of ridges or at intervals and locations, that will provide the greatest sight distance. These turnouts will be 200' in length and 10' wide and will be tapered from the shoulder of the road for a distance of 50' in length at both the access and outlet ends. There are no fences encountered along this road. There will be no cattleguards or gates required.

The terrain that this road traverses is relatively flat. Vegetation along this road consists of sagebrush and grasses with large areas of bare earth devoid of vegetation.

3) LOCATION OF EXISTING WELLS: (See Topo Map "C")

There are no known water wells or monitoring or observation wells for other resources within a one mile radius of this location site.

There are however, one salt water disposal well located in the SWNE of this section and 4 producing wells within a one mile radius of this location site. (Refer to Topo Map "B".)

4) LOCATION OF EXISTING AND PROPOSED FACILITIES:

At the present time there are Medallion Exploration producing facilities, tank batteries, oil gathering lines, and disposal lines within a one mile radius of this location site. In the event the production of this well is established, then the tank grade area of the location will be utilized for the establishment of the necessary production facilities. This area will be built, if possible with native material and if these materials are not available, then the necessary arrangements will be made to get them from private source. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.

The total area that is needed for the production of this well will be fenced and cattleguards will be utilized for access to these facilities.

If there are any deviations from this proposal, all appropriate agencies will be notified prior to construction and all necessary requests and applications will be made.

5) LOCATION/TYPE OF WATER SUPPLY: (See Attached Map "D")

Water to be used in the drilling of this well will be hauled by truck over existing roads and the proposed access road from Starvation Reservoir at a point located in the S 1/2 of Section 25, T3S, R6W, U.S.B. & M. approximately 1.5 miles by road South of the location site. There will be no water well drilled at the location site.

6) SOURCE OF CONSTRUCTION MATERIAL:

All construction material for this location site and access road shall be barrow material accumulated during construction of the location site and access road. No additional road gravels or pit lining from other sources are anticipated at this time, but if they are required, the appropriate actions will be taken to acquire them from private sources.

The native material that will be used in the construction of this location site and access road will consist of sandy-clay soil and sandstone and shale material gathered during the actual construction of the road and location.

7) METHODS FOR HANDLING WASTE DISPOSAL:

A reserve pit will be constructed. The reserve pit will be approximately 10' deep and at least one half of this depth shall be below surface of existing ground.

One half of the reserve pit will be used as a fresh water storage area during the drilling of this well and the other half will be used to store non-flammable material such as cuttings, salts, drilling fluids, chemical and producing fluids. If deemed necessary, to prevent contamination to surrounding areas, the reserve pit will be lined with gel.

Any oil stored in the reserve pit will be sold if salvaged or burned in the pit and covered if not saleable. Any water that does not evaporate, will be hauled from the site.

All garbage and other waste material will be contained in trash bin. A portable chemical toilet will be supplied on site.

9) WELL SITE LAYOUT: (See The Attached Map "E")

All involved agencies will be notified prior to the beginning of construction on the proposed location site and road.

10) PLANS FOR RESTORATION OF SURFACE:

The restoration activities will commence within 90 days after completion of well. If production is established, all topsoil stockpiled on location will be spread over the disturbed area. The location site and access road will be reshaped to the original contour. Any drainages re-routed during the construction activities, shall be restored to their original line of flow as near as possible. The location site and the access ramp will be reseeded with a seed mixture recommended by the BLM for germination and growth.

11) OTHER INFORMATION:

Topography of the general area is attached (see Topo #2). The area is at the northwest end of the Uintah Basin which is formed by the Book Cliff Mountains and the Green River to the South and the Uirta Mountains to the North. The area is interlaced with numerous canyons and ridges formed in sandstones, cobblerock, conglomerate and shale deposits. The majority of the smaller drainages are of a non-perennial nature with normal flow limited to the early spring run-off

11) OTHER INFORMATION - continued.....

and heavy thunderstorms or rain storms of high intensity that lasts over an extended period of time and are extremely rare in nature as the normal annual precipitation is only 8". The soils of this semi-arid areas are of the Uinta Formation, (the Fluvial Sandstone and Mudstone) from the Eocene Epoch and Quaternary Epoch (gravel surfaces) and the visible geologic structure consists of light brownish-gray clays (OL) to sandy soils (SM-ML) with poor gravels and shales and outcrops of rock (sandstone, mudstone, conglomerate, and shale). Due to the low precipitation average, climatic conditions, and the marginal types of soils, the vegetation that is found in the area is common of the semi-arid region that are located in and in the lower elevations of the Uintah Basin. The fauna of the area consists predominately of the mule deer, coyotes, rabbit, small ground squirrels and other types of rodents, and various reptiles common to the area.

12) LESSEE'S OR OPERATOR'S REPRESENTATIVE:

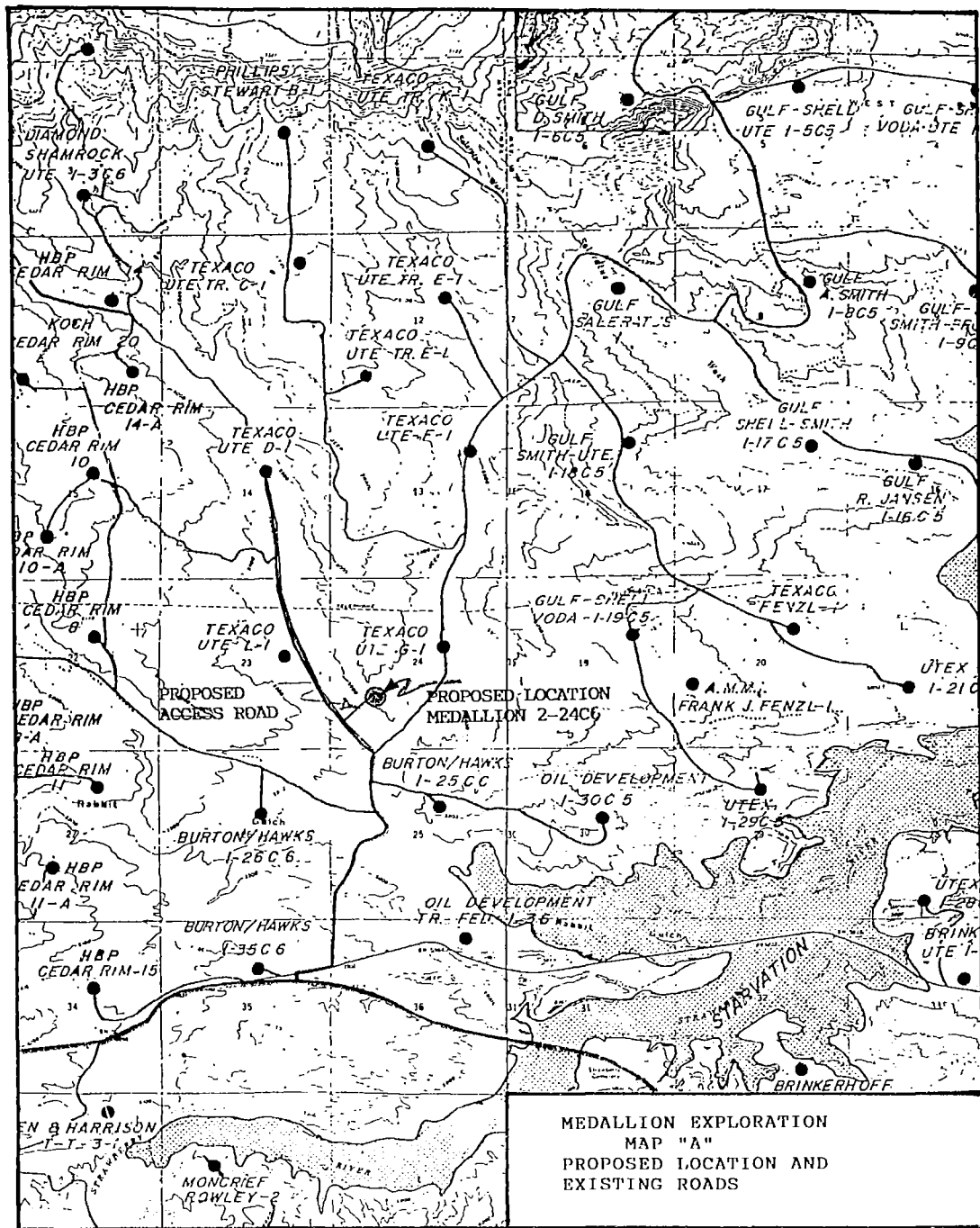
Jake Harouny
Medallion Exploration
2091 E. 4800 S. #22
Salt Lake City, Utah 84117
Telephone: 801-277-0801

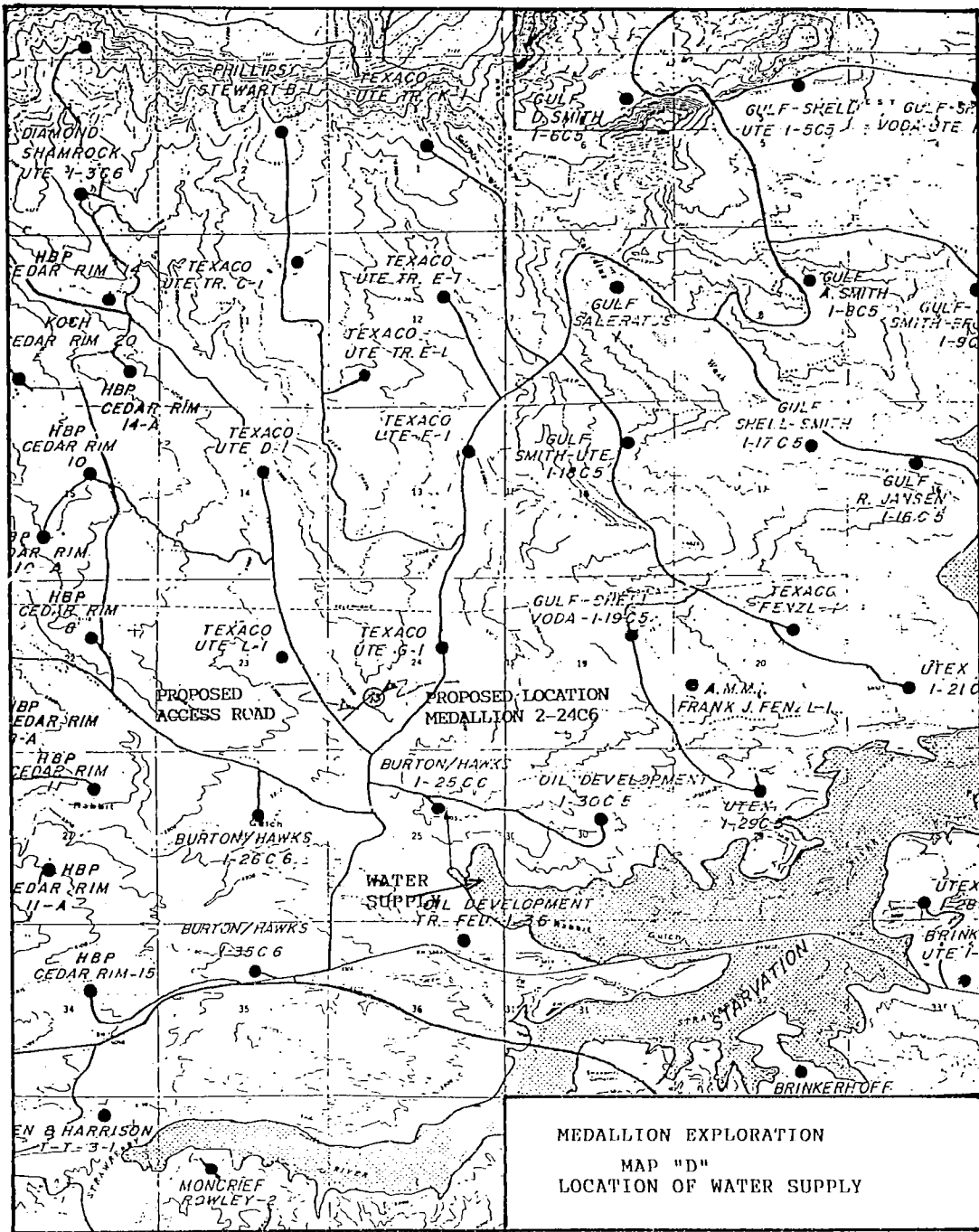
13) CERTIFICATION:

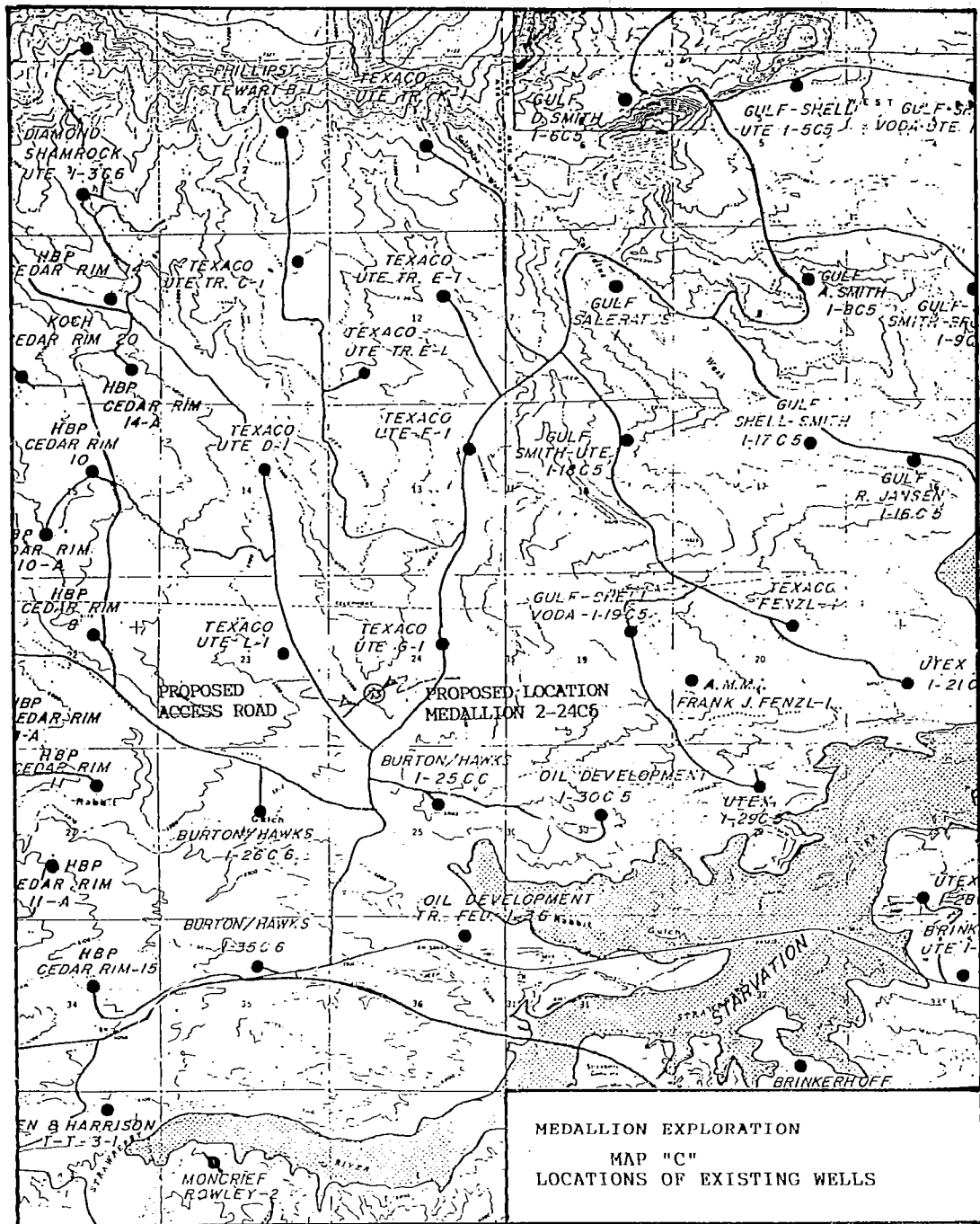
I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I'm familiar with the conditions which presently exists; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operation proposed herein will be performed by Medallion Exploration in conforming with this plan and terms and conditions under which it's approved.

11/1/95
Date

Jake Harouny, President



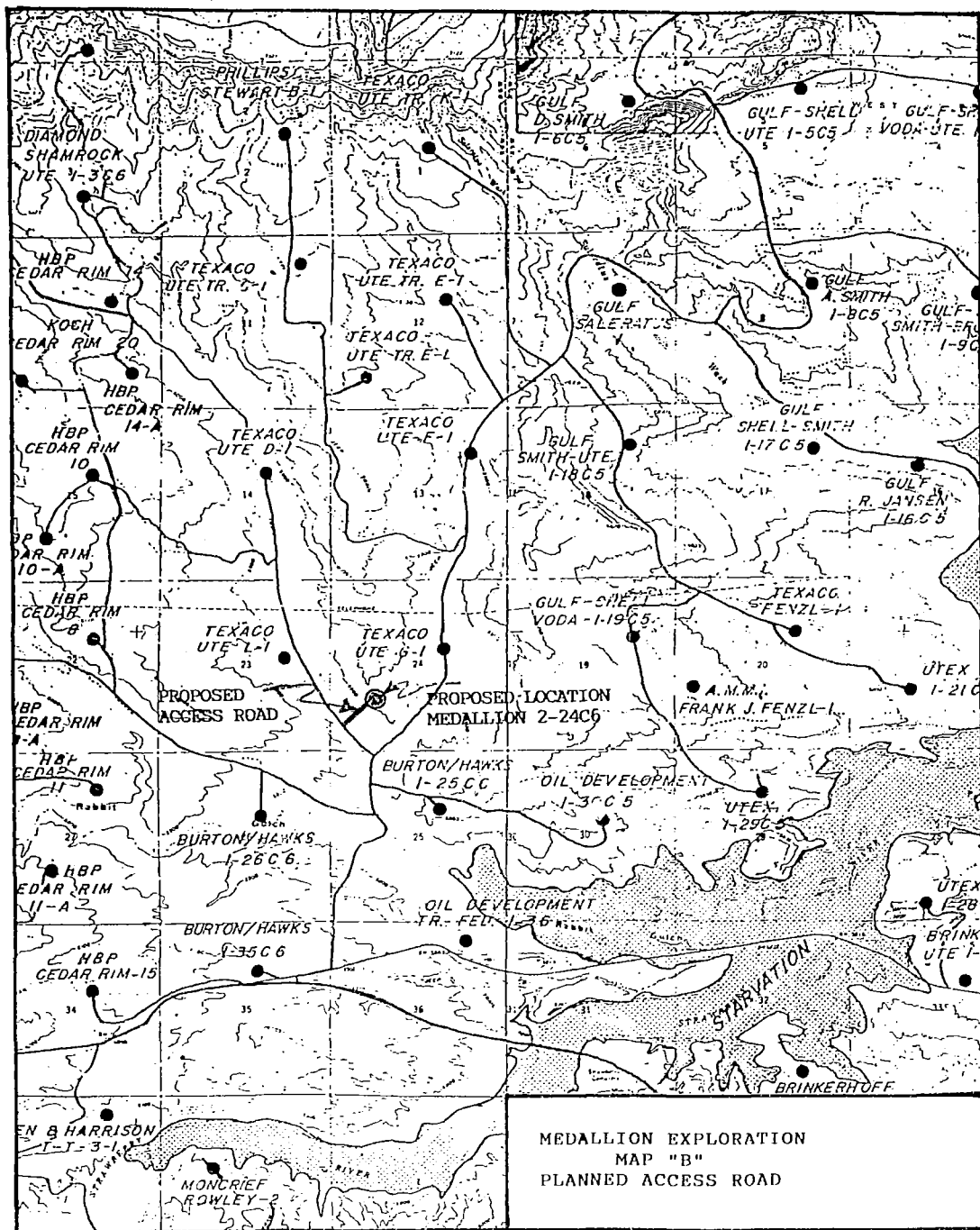




MEDALLION EXPLORATION

MAP "C"

LOCATIONS OF EXISTING WELLS



TEN POINT COMPLIANCE PROGRAM

WELL NAME: 2-24C6
LOCATION: Section 24; T3S, R6W
COUNTY: Duchesne
STATE: Utah

- 1) **GEOLOGIC SURFACE FORMATION:**
Tertiary Unita formation
- 2) **ESTIMATED TYPE OF IMPORTANT GEOLOGIC MARKERS:**
TGR Green River 0-4,350 feet
TGR Lower Green River 6,550 feet
TGR Wasatch 7,600 feet
- 3) **ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS, OR MINERAL:**
Water: 0-3,500 feet
Oil & gas: 3,500-10,100 feet T.D.
- 4) **PROPOSED CASING PROGRAM:**
 - 4.1, Surface Casing: 9 5/8" to 3,500' cement to surface, 7" intermediate to 7,500' 26 & 29# N-80 cement with 200 Sacks
 - 4.2, Production Casing: 5", 7,400' to T.D., # N-80, cement to lap with 500 Sacks
- 5) **MINIMUM SPECIFICATIONS FOR PRESSURE CONTROL:**

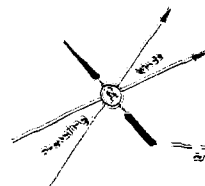
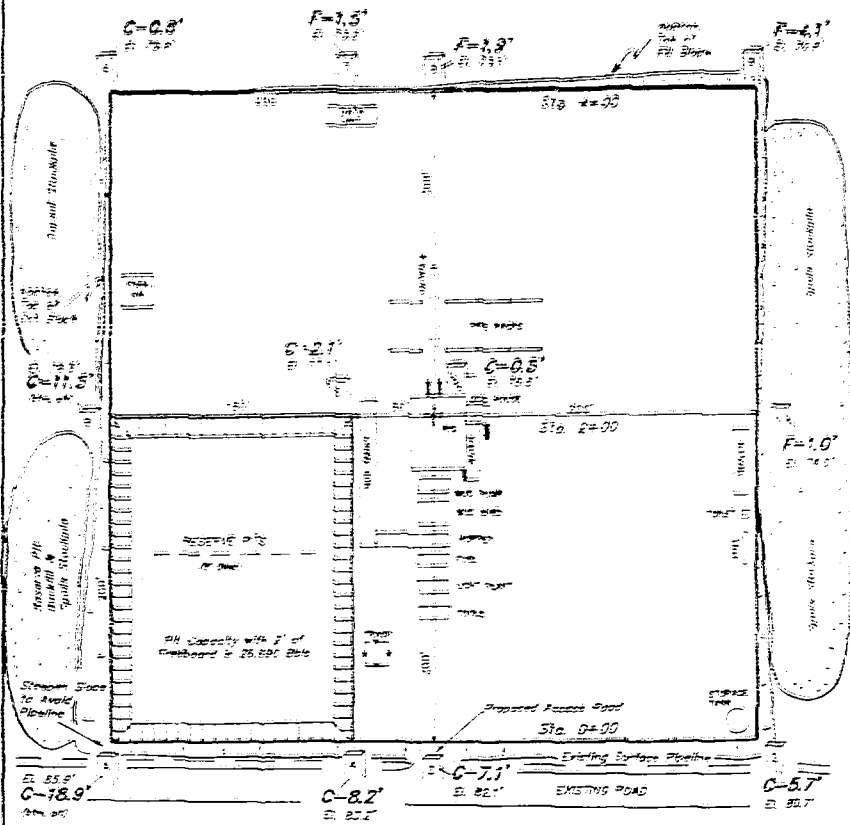
Exhibit "A": Is a schematic diagram of the blowout preventor equipment. The BOP's will be hydraulically tested to the full working pressure after nipping up and after any use under pressure. Pipe rams will be operationally checked every 24 hour period, as will blind rams each time pipe is pulled out of the hole. Such checks of BOP will be logged on the daily drilling reports.

Accessories to BOP include a kelly cock, floor safety valve, drill string BOP and choke manifold with pressure rating equivalent to the BOP stack.
- 6) **TYPE & CHARACTERISTICS OF THE PROPOSED CIRCULATING MUDS:**
Brine Water: 0-7,000 feet
Fresh Gel Mud: 7,000-T.D. feet

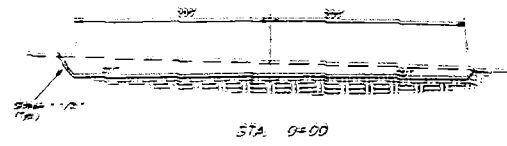
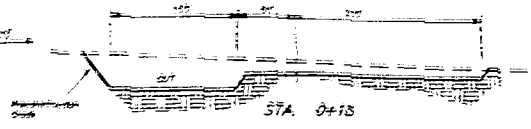
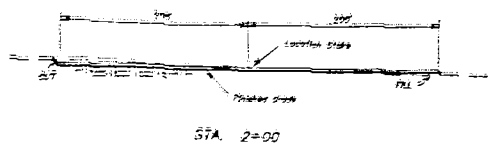
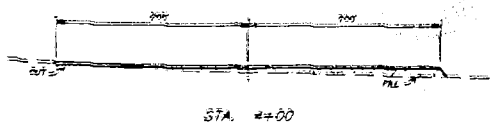
- 7) **AUXILIARY EQUIPMENT:**
Safety Valve: 5,000# WP Safety Valve, inside BOP, Upper Kelly Cock, Mud Monitoring Equipment
- 8) **TESTING, LOGGING AND CORING PROGRAM:**
8.1, Tests: No DST's
8.2, Logging Program:
DIL, SP. GR
GDNL-GR-CAL, CBL. 3,500-7,500
7,500-10,100
8.3, Coring: No Cores
8.4, Production: If production is obtained, producing formation will be selectively perforated and treated.
- 9) **ANTICIPATED ABNORMAL PRESSURE OR TEMPERATURE:**
No abnormal pressure or temprature are anticipated.
- 10) **ANTICIPATED STARTING DATE & DURATION OF OPERATION:**
The anticipated starting date is to be approximately or as soon as possible after approval of drilling requirements. Operations should be completed within 90 days from spudding to rig release.

MEDALLION EXPLORATION
LOCATION LAYOUT FOR
BARCLAY #2-24CS
 SECTION 24, T3S, R6W, U.S.D. 36M.

D. L. King



Scale 1" = 50'
 Date 9-18-87
 Drawn By: R.L.M.



TYP. LOCATION LAYOUT
 TYP. CROSS SECTION

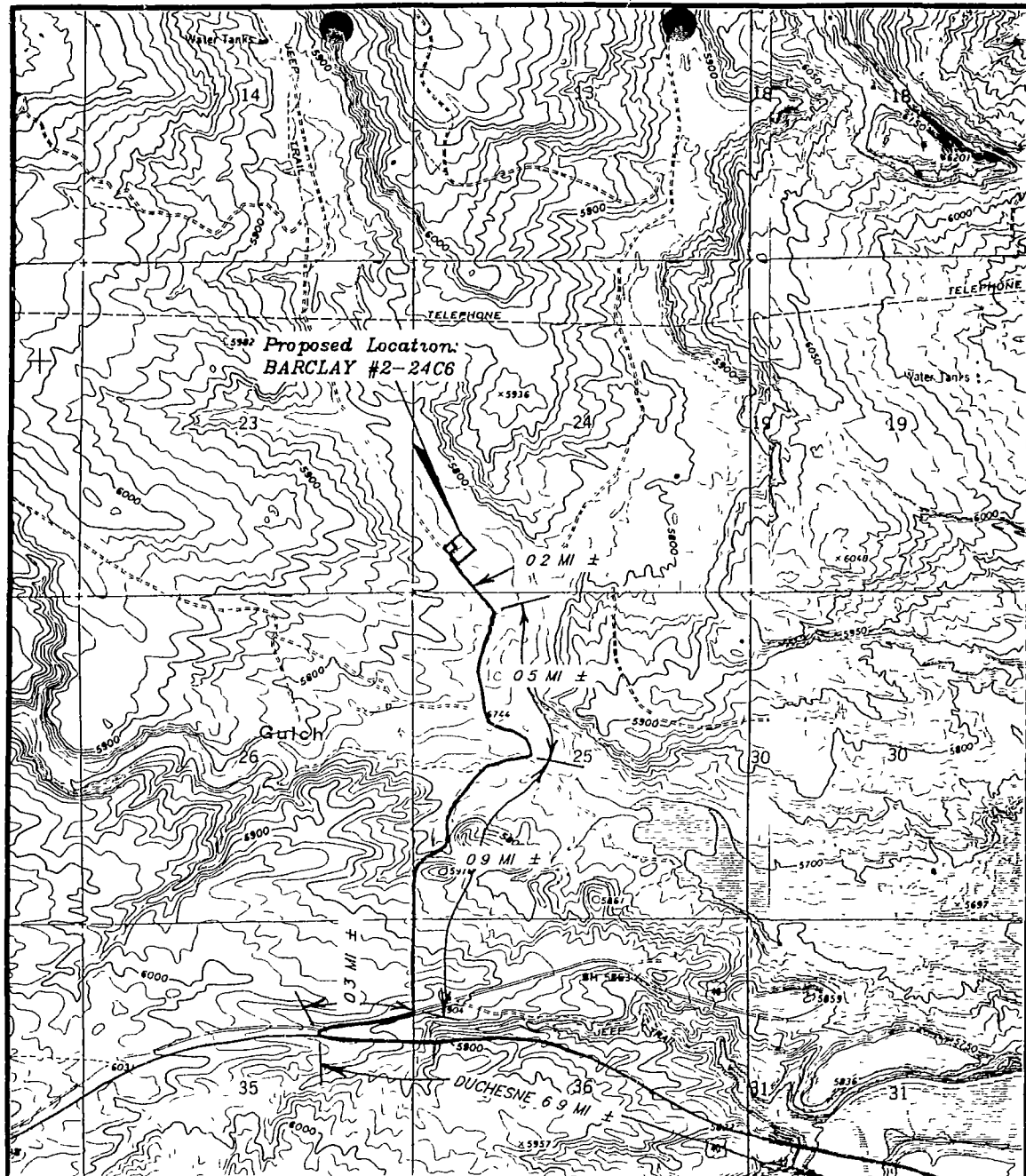
APPROXIMATE VOLUMES

| | | | |
|--------------------------|--------------------------|--|--------------------------|
| OUT (5' Target Striping) | = 2,990 Cu. Yds. | EXCESS MATERIAL AFTER 5% COMPACTION | = 26,370 Cu. Yds. |
| Remaining Location | = 22,130 Cu. Yds. | Totals & 5% Backup = (1/2 OH Volume) | = 6,310 Cu. Yds. |
| TOTAL OUT | = 25,090 CU. YDS. | EXCESS UNBALANCE (After Rehabilitation) | = 13,560 Cu. Yds. |
| FILL | = 4,480 CU. YDS. | | |

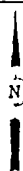
NOTES:

Elev. Ungraded Ground At Loc. Stake = **5775.5'**
 FINISHED GRADE ELEV. AT LOC. STAKE = **5775.0'**

UNITAR ENGINEERING & LAND SURVEYING
 25 South 2nd Street, Vermilion, MO



TOPOGRAPHIC
MAP "B"
SCALE 1" = 2000'
DATE 8-25-92 REH



MEDALLION EXPLORATION

BARCLAY #2-24C6
SECTION 24, T3S, R6W, U S B & M

1. water pump



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
UINTAH AND OURAY AGENCY

Fort Duchesne, Utah 84026
(801) 722-2406 Ext.

IN REPLY REFER TO Range

Mr David Little
Bureau of Land Management
District Office
170 South, 500 East,
Vernal, Utah 84078

RECEIVED

APR 27 1993

| | |
|---------------------------|-------------|
| Division | 10 |
| Sub-division | 10 |
| Section | 10 |
| Office | 10 |
| Room | 10 |
| File | 10 |
| Box | 10 |
| Drawer | 10 |
| Shelf | 10 |
| Desk | 10 |
| Chair | 10 |
| Table | 10 |
| Other | 10 |
| APR 26 93 | |
| BUREAU OF LAND MANAGEMENT | |
| MIN | |
| DM | |
| BA | APR 27 1993 |
| ALL LM | |

Dear Mr Little:

Officials from the Ute Indian Tribe, Bureau of Indian Affairs, Bureau of Land Management, and Medallion Exploration conducted onsite inspections for three oil wells near Starvation Reservoir on April 19, 1993. These proposed wells are located on Non-Indian land but they have Indian mineral rights.

Because none of the wells are on Indian surface no environmental documentation was performed by BIA officials. However, there are some environmental concerns associated with the wells. The location of the wells and their identification along with the environmental concern are as follows:

State 2-26C6, located in the SWSW, section 26, T3S, R6W, USB&M. This well is located on critical big game winter habitat. Therefore, we recommend that the well be drilled between April 1 and November 30.

ULLOM 2-30C5, located in the SWNW, section 30, T3S, R5W, USB&M. This well is located approximately 2300 feet north of the shoreline of Starvation Reservoir. Therefore, we recommend that a closed production system be used, and that properly constructed berm be placed around the production tanks (see comments on berm).

There are some cacti which are similar to the Uintah Basin hookless cacti (Sclerocactus glaucus) growing on this location. They are not growing on typical Uintah Basin hookless cacti habitat, but because they closely resemble the plant we recommend that a botanist verify the species.

Barclay 2-24C6, located in the SWSW, section 24, T3S, R6W, USB&M. This well is located approximately one mile upstream from Starvation Reservoir. It is adjacent to a large wash which empties into the reservoir. Therefore, we recommend that a closed production system be used, and that properly constructed berm be placed around the production tanks (see comments on berm).

COMMENTS ON BERM-

It has become apparent that many of the berm constructed around production tanks throughout the Uintah and Ouray Indian Reservation lack the capacity of holding the contents of one full tank of fluid as required. Therefore, we recommend that the berm around the production tanks be designed and constructed to the proper grade and capacity to hold the equivalent of the largest production tank.

It is our recommendation that you consider implementing the above suggestions into BLM's conditions of approval for the surface use program of the application for permit to drill, and that the applications for the permit to drill these wells be approved.

Sincerely,

Vicent M. Alvarez
acting
Superintendent.

cc: BIA, Minerals & Mining
Ute Tribal Energy & Minerals



Michael O. Leavitt
Governor
Ted Stewart
Executive Director
James W. Carter
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center Suite 350
Salt Lake City Utah 84100 1203
801 538 5340
801 359 3940 (Fax)
801 538 5319 (TDD)

June 10, 1993

Medallion Exploration
2091 East 4800 South #22
Salt Lake City, Utah 84117

Gentlemen:

Re: Ute 2-24C6 Well, 725 feet from the south line, 737 feet from the west line, SW 1/4 SW 1/4, Section 24, Township 3 South, Range 6 West, Duchesne County, Utah

Pursuant to Utah Code Ann § 40-6-6, (1953, as amended) and the order issued by the Board of Oil, Gas and Mining in Cause No 139-42 dated April 12, 1985, approval to drill the referenced well is hereby granted

In addition, the following specific actions are necessary to fully comply with this approval

- 1 Submittal to the division of evidence providing assurance of an adequate and approved supply of water as required by Utah Code Ann § 73-3, Appropriations, prior to commencing drilling operations
- 2 Compliance requirements of Utah Admin R 649-1 et seq, Oil and Gas Conservation General Rules
- 3 Notification within 24 hours after drilling operations commence
- 4 Submittal of Entity Action Form, Form 6, within five working days following commencement of drilling operations and whenever a change in operations or interests necessitates an entity status change
- 5 Submittal of the Report of Water Encountered During Drilling, Form 7
- 6 Prompt notification prior to commencing operations, if necessary, to plug and abandon the well Notify Frank R Matthews, Petroleum Engineer, (Office) (801)538-5340, (Home) (801)476-8613, or R J Firth, Associate Director, (Home) (801)571-6068

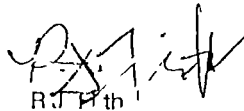
Page 2
Medallion Exploration
Ute 2-24C6 Well
June 10, 1993

- 7 Compliance with the requirements of Utah Admin R 649-3-20, Gas Flaring or Venting, if the well is completed for production

Trash and sanitary waste should be properly contained and transported to approved disposal locations, not retained in or disposed of in pits on location or downhole. Prior to the commencement of drilling operations, the operator should consult the local/county sanitarian and/or the Department of Environmental Quality, Division of Drinking Water/Sanitation, regarding appropriate disposal of sanitary waste

This approval shall expire one year after date of issuance unless substantial and continuous operation is underway or a request for an extension is made prior to the approval expiration date. The API number assigned to this well is 43-013-31391.

Sincerely,



R. J. H. Thompson
Associate Director, Oil and Gas

ldc
Enclosures
cc Bureau of Land Management
Duchesne County Assessor
J L Thompson
WO11

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

| | | |
|---|--|---|
| 1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> | | 5. LEASE DESIGNATION AND SERIAL NO 14-20-462-1137 |
| b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/> | | 6. IF INDIAN, ALLOTTEE OR TRIBE NAME UTE |
| 2. NAME OF OPERATOR MEDALLION EXPLORATION | | 7. UNIT AGREEMENT NAME UNIT |
| 3. ADDRESS OF OPERATOR 2091 E. 4800 S. #22 SLC, UT 84117 | | 8. FARM OR LEASE NAME |
| 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements *) At surface 725' ESL & 737' FWL At proposed prod zone | | 9. WELL NO 2-24C6 |
| 14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* APPROX. 10 MILES NORTHWEST OF DUCHESNE | | 10. FIELD AND POOL, OR WILDCAT |
| 15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT (Also to nearest drilg unit line, if any) | | 11. SEC T R. M. OR NW AND SURVEY OR AREA SEC. 24, T3S, R6W, USB & |
| 16. NO OF ACRES IN LEASE 640 | | 12. COUNTY OR PARISH DUCHESNE |
| 17. NO OF ACRES ASSIGNED TO THIS WELL 320 | | 13. STATE UTAH |
| 18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT 10,000' | | 20. ROTARY OR CABLE TOOLS ROTARY |
| 21. ELEVATIONS (Show whether DF, RT, GR, etc.) 5,776' | | 22. APPROX DATE WORK WILL START* 6/1/1993 |

| 33. PROPOSED CASING AND CEMENTING PROGRAM | | | | |
|---|----------------|-----------------|---------------|--------------------|
| SIZE OF HOLE | SIZE OF CASING | WEIGHT PER FOOT | SETTING DEPTH | QUANTITY OF CEMENT |
| 12 1/4 | 9 5/8 | 36# | 3,500 | TO SURFACE |
| 8 3/4 | 7 | 29 & 36 | 7,500 | 1,500 SX |
| 6 1/8 | 5 | 18 | 7,400 | 70 SX |

RECEIVED

JUN 11 1993

DIVISION OF
GAS & MINING

ATTACHMENTS:

- 1) 13 POINT SURFACE USE PLAN WITH EXHIBITS
- 2) 10 POINT COMPLIANCE PROGRAM WITH EXHIBIT

RECEIVED

MAR 08 1993

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Operator DATE 5/5/93

(This space for Federal or State office use)

PERMIT NO. [Signature] APPROVAL DATE [Signature]
APPROVED BY [Signature] TITLE ASSISTANT DISTRICT MANAGER MINERALS DATE JUN 11 1993
CONDITIONS OF APPROVAL IF ANY

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED
TO OPERATOR'S COPY

44-080-3M-036

"See Instructions On Reverse Side"

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

WELL LOCATION INFORMATION

RECEIVED

JUN 15 1993

Company/Operator: MEDALLION EXPLORATION

API Number 43-013-31391

DIVISION OF
OIL & GAS TRAINING

Well Name & Number: 2-24C6

Lease Number: 14-20-462-1137

Location: SWSW Sec. 24 T. 3S R. 6W

Surface Ownership: Private Surface - Indian Minerals

Date NOS Received _____

Date APD Received March 8, 1993

NOTIFICATION REQUIREMENTS

- Location Construction - at least forty-eight (48) hours prior to construction of location and access roads.
- Location Completion - prior to moving on the drilling rig.
- Spud Notice - at least twenty-four (24) hours prior to spudding the well
- Casing String and Cementing - at least twenty-four (24) hours prior to running casing and cementing all casing strings
- BOP and Related Equipment Tests - at least twenty-four (24) hours prior to initiating pressure tests.
- First Production Notice - within five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program

CONDITIONS OF APPROVAL
SURFACE USE PLAN OF OPERATIONS

Thirteen Point Surface Use Program

Planned Access Roads - Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot right-of-way will not be allowed. Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the drainages be blocked by the roadbed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.

Location of Existing and/or Proposed Facilities - Tank batteries will be placed on the south end near point 3.

All permanent (on site for six months or longer) structures constructed or installed (including pumping units) will be painted a flat, non-reflective, earhtone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities will be painted within 6 months of installation. Facilities required to comply with OSHA (Occupational Safety and Health Act) will be included.

The required paint color is DESERT BROWN.

Methods for Handling Waste Disposal - On BLM administered lands - the reserve pit shall be constructed so as not to leak, break, or allow discharge.

The reserve pit shall be lined

A plastic nylon reinforced liner will be used. It will be a minimum of 12 mil thickness with sufficient bedding (either straw or dirt) to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit. More stringent protective requirements may be deemed necessary by the A.O.

After first production, produced waste water will be confined to a lined pit or storage tank for a period not to exceed ninety (90) days. During the 90 day period, in accordance with NTL-2B, an application for approval of a permanent disposal method and location, along with required water analysis, shall be submitted for the AO's approval. Failure to file an application within the time allowed will be considered an incident of noncompliance.

In order to protect Starvation Reservoir, there will be no unlined production pits.

Fencing Requirements - All pits will be fenced according to the following minimum standards:

- a. 39-inch net wire shall be used with at least one strand of barbed wire on top of the net wire (barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
- b. The net wire shall be no more than 2-inches above the ground. The barbed wire shall be 3-inches above the net wire. Total height of the fence shall be at least 42-inches.
- c. Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- d. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- e. All wire shall be stretched, by using a stretching device, before it is attached to the corner posts.

The reserve pit fencing will be on three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup

Plans for Restoration of Surface

- a. Producing Location - Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash and junk not required for production.

Oil in the reserve pit will not be burned.

The plastic nylon reinforced liner shall be torn and perforated before backfilling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion.

- b. Dry Hole/Abandoned Location - At such time as the well is plugged and abandoned, the operator shall submit a subsequent report of abandonment and BM will attach the appropriate surface rehabilitation conditions of approval.

Other Additional Information - If historic or archaeological sites or artifacts are uncovered, the operator may contact Blaine Phillips, BLM Archaeologist at 801-789-1362.

Additional Surface Stipulations - Reclamation of unused disturbed areas on the well pad/access road no longer needed for operations, such as cut slopes, and fill area is recommended. Seeding with a mixture of several of the below or similar seeds at 12 lbs/acre will preclude/retard the growth of noxious weeds in the vicinity of Starvation Reservoir.

Pinyon-Juniper Areas

Seed Mix

 Paiute Orchardgrass
 Hycrest Crested Wheatgrass
 Russian Wildrye
 Nomad Alfalfa
 Small Burnet
 Fourwing Saltbush

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved plan of operations, and any applicable Notice to Lessees. The operator is fully responsible for the actions of his sub-contractors. A copy of these conditions will be furnished the field representative to insure compliance.

A complete copy of the approved APD and Row grant, if applicable, shall be on location during construction of the location and drilling activities.

The operator or his/her contractor shall contact the BLM Office at (801) 789-1362 forty-eight (48) hours prior to construction activities.

The BLM Office shall be notified upon site completion prior to moving on the drilling rig

CONDITIONS OF APPROVAL FOR NOTICE TO DRILL

Company Medallion Exploration Well No. Ute 2-24C6

Location SWSW Section 24, T3S, R6W Lease No. 14-20-462-1137

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43 CFR 3100), Onshore Oil and Gas Orders, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished the field representative to insure compliance.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

A. DRILLING PROGRAM

1. Estimated Depth at Which Oil, Gas, Water, or Other Mineral Bearing Zones are Expected to be Encountered

Report ALL water shows and water-bearing sands to Tim Ingwell of this office. Copies of State of Utah form OGC-8-X are acceptable. If noticeable water flows are detected, submit samples to this office along with any water analyses conducted.

All usable water and prospectively valuable minerals (as described by BLM at onsite) encountered during drilling, will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential.

2. Pressure Control Equipment

The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 5M system and individual components shall be operable as designed. Chart recorders shall be used for all pressure tests.

Test charts, with individual test results identified, shall be maintained on location while drilling and shall be made available to a BLM representative upon request.

The Vernal District Office shall be notified, at least 24 hours prior to initiating the pressure tests, in order to have a BLM representative on location during pressure testing.

3. Casing Program and Auxiliary Equipment

The surface casing shall be 9 5/8 in. 40# J-55 LT&C new casing unless otherwise approved by the authorized officer.

Class "G" cement with Halad and 3% KCL as additives shall be used to cement all casing strings. All cement used for cementing casing strings shall meet the minimum physical requirements specified in API Specification 10. No other additives will be allowed without prior approval from the authorized officer.

Surface casing shall have centralizers on the bottom three joints, with a minimum of one centralizer per joint.

As a minimum, the usable water and oil shale resources shall be isolated and/or protected by having a cement top for the intermediate casing at least 200 ft. above the top of the Mahogany oil shale, identified at \pm 4,476 ft. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.

The Vernal District Office shall be notified at least 24 hours prior to the running and cementing of all casing strings, in order to have a BLM representative on location while running and cementing all casing strings.

4. Mud Program and Circulating Medium

Hazardous substances specifically listed by the EPA as a hazardous waste or demonstrating a characteristic of a hazardous waste will not be used in drilling, testing, or completion operations.

No chromate additives will be used in the mud system on Federal and Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5. Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

All Drill Stem tests (DST) shall be accomplished during daylight hours, unless specific approval to start during other hours is obtained from the AO. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vaporproof for safe operations). Packers can be released, but tripping should not begin before daylight unless prior approval is obtained from the AO.

A cement bond log (CBL) will be run from the production casing shoe to \pm 4,276 ft. and shall be utilized to determine the bond quality for the intermediate casing. Submit a field copy of the CBL to this office.

Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (Form 3160-4) will be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. Two copies of all logs, core descriptions, core analyses, well-test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the AO.

6. Notifications of Operations

No location will be constructed or moved, no well will be plugged, and no drilling or workover equipment will be removed from a well to be placed in a suspended status without prior approval of the AO. If operations are to be suspended, prior approval of the AO will be obtained and notification given before resumption of operations.

The Vernal District Office shall be notified, during regular work hours (7:45 a.m.-4:30 p.m., Monday through Friday except holidays), at least 24 hours prior to spudding the well.

Operator shall report production data to MMS pursuant to 30 CFR 216.5 using form MMS/3160.

Immediate Report: Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of NTL-3A or its revision.

If a replacement rig is contemplated for completion operations, a "Sundry Notice" (Form 3160-5) to that effect will be filed, for prior approval of the AO, and all conditions of this approved plan are applicable during all operations conducted with the replacement rig.

The date on which production is commenced or resumed will be construed for oil wells as the date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever first occurs; and, for gas wells as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated or, the date on which gas is first measured through permanent metering facilities, whichever first occurs.

Should the well be successfully completed for production, the AO will be notified when the well is placed in a producing status. Such notification will be sent by telegram or other written communication, not later than five (5) days following the date on which the well is placed on production.

Gas produced from this well may not be vented or flared beyond an initial authorized test period of 30 days or 50 MMCF following its completion, whichever occurs first, without the prior written approval of the Authorized Officer. Should gas be vented or flared without approval beyond the authorized test period, the operator may be directed to shut-in the well until the gas can be captured or approval to continue venting or flaring as uneconomic is granted and the operator shall be required to compensate the lessor for that portion of the gas vented or flared without approval which is determined to have been avoidably lost.

A schematic facilities diagram as required by 43 CFR 3162.7-2, 3162.7-3, and 3162.7-4 shall be submitted to the appropriate District Office within thirty (30) days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-4.

No well abandonment operations will be commenced without the prior approval of the AO. In the case of newly drilled dry holes or failures, and in emergency situations, oral approval will be obtained from the AO. A "Subsequent Report of Abandonment" Form 3160-5, will be filed with the AO within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the AO or his representative, or the appropriate Surface Managing Agency.

7. Other Information

All loading lines will be placed inside the berm surrounding the tank battery.

All off-lease storage, off-lease measurement, or commingling onlease or off-lease will have prior written approval from the AO.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried or anchored down from the wellhead to the meter and within 500 feet downstream of the meter run, or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The AO will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports will be submitted to the Vernal District Office. All meter measurement facilities will conform with Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

There will be no deviation from the proposed drilling and/or workover program without prior approval from the AO. Safe drilling and operating practices must be observed. All wells, whether drilling, producing, suspended, or abandoned will be identified in accordance with 43 CFR 3162.

"Sundry Notice and Report on Wells" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.

Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, or resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the authorized officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."

If you fail to comply with this requirement in the manner and time allowed, you shall be liable for a civil penalty of up to \$10,000 per violation for each day such violation continues, not to exceed a maximum of 20 days. See Section 109(c)(3) of the Federal Oil and Gas Royalty Management Act of 1982 and the implementing regulations at Title 43 CFR 3162.4-1(b)(5)(ii).

APD approval is valid for a period of one (1) year from the signature date. An extension period may be granted, if requested, prior to the expiration of the original approval period.

In the event after-hours approvals are necessary, please contact one of the following individuals:

| | |
|--------------------|----------------|
| Gerald E. Kenczka | (801) 781-1190 |
| Petroleum Engineer | |

| | |
|--------------------|----------------|
| Ed Forsman | (801) 789-7077 |
| Petroleum Engineer | |

| | |
|-----------------|----------------|
| BLM FAX Machine | (801) 789-3634 |
|-----------------|----------------|

EPA'S LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES

While the following wastes are nonexempt, they are not necessarily hazardous.

Unused fracturing fluids or acids

Gas plant cooling tower cleaning wastes

Painting wastes

Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids

Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste

Refinery wastes

Liquid and solid wastes generated by crude oil and tank bottom reclaimers

Used equipment lubrication oils

Waste compressor oil, filters, and blowdown

Used hydraulic fluids

Waste solvents

Waste in transportation pipeline-related pits

Caustic or acid cleaners

Boiler cleaning wastes

Boiler refractory bricks

Incinerator ash

Laboratory wastes

Sanitary wastes

Pesticide wastes

Radioactive tracer wastes

Drums, insulation and miscellaneous solids.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal District Office
170 South 500 East
Vernal, Utah 84078-2799

IN REPLY REFER TO

3162
UT08438

August 12, 1994

Jake Harouny
Medallion Exploration
2091 East 4800 South #22
Salt Lake City UT 84117

Re. Notification of Expiration
Well No. 2-24C6 43-013-31391
Section 24, T3S, R6W
Lease No. 14-20-H62-1137
Duchesne County, Utah

Dear Mr. Harouny:

The Application for Permit to Drill the above-referenced well was approved on June 11, 1993. Since that date, no known drilling activity has transpired at the approved location. Applications for Permit to Drill are effective for a period of one year. In view of the foregoing, this office is notifying you the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

The Utah State Division of Oil, Gas and Mining will be contacting you in regard to the surface rehabilitation for this location,

Sincerely,

Margie Herrmann
Legal Instruments Examiner

cc State Div OG&M

